



Steven L. Beshear  
Governor

Robert D. Vance, Secretary  
Environmental and Public  
Protection Cabinet

Timothy J. LeDonne  
Commissioner  
Department of Public Protection

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Mark David Goss  
Chairman

John W. Clay  
Vice Chairman

Caroline Pitt Clark  
Commissioner

## NEWS RELEASE

Contact:  
Andrew Melnykovich  
502-564-3940, ext. 208  
502-330-5981 (cell)

### **PSC SEEKS ADDITIONAL DATA IN CENTRAL KENTUCKY WATER SUPPLY CASE**

#### ***Process extended to explore public-private partnership***

FRANKFORT, Ky. (Dec. 21, 2007) – The Kentucky Public Service Commission (PSC) today asked Kentucky-American Water Co. (KAWC) and the Lexington-Fayette Urban County Government (LFUCG) whether they had considered entering into a public-private partnership that would supply water to the Lexington area.

In an order issued today, the PSC noted that a partnership would allow facilities to be built using low-cost financing available to cities while drawing on the company's technical expertise. "Such partnering might be one alternative worthy of consideration," the PSC said.

The PSC also requested additional information from the Louisville Water Co. and the Bluegrass Water Supply Commission. Both intervened in the case involving KAWC's application to construct a treatment plant on the Kentucky River. The plant would be in Owen County and would connect to the company's system in Lexington by way of a pipeline through Franklin and Scott counties.

While gathering the additional information will require extending the schedule in the case, the PSC said it "recognizes that our decision in this case will affect hundreds of thousands of ratepayers for decades to come." The PSC wants to be sure that "no stone has been left unturned and that all reasonable proposals have been examined."

Proceedings in the case thus far have produced thousands of pages of information. A three-day hearing was held last month to examine the evidence.

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However, some questions remain unanswered, the PSC said, notably the matter of a possible public-private partnership involving KAWC and LFUCG. The PSC noted that, despite the fact that the vast majority of Kentucky-American's customers reside in Fayette County, the LFUCG has had little to say in the case thus far and has not taken a position on the KAWC proposal.

LFUCG's "silence is perplexing," the PSC said.

The PSC also said that it is unclear about the extent of recent discussions, if any, between KAWC and the Louisville Water Co. regarding the latter's proposal to bring additional water into central Kentucky through a pipeline from the Ohio River.

Today's order is accompanied by data requests to the parties. The PSC has requested responses by Jan. 9, 2008. The deadline for final briefs in the case has been extended to Jan. 16, 2008, from Dec. 28, 2007.

Today's order and data requests, as well as documents in the case and video of the hearing and public comment meetings, are available on the PSC web site, [psc.ky.gov](http://psc.ky.gov). The case number is 2007-00134.

The PSC is an independent agency attached for administrative purposes to the Department of Public Protection in the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.